3.11 Economics

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3.11.1 Studies and Coordination

This section is based on the findings of the *SR 509/South Access Road EIS Discipline Report: Economics* (CH2M HILL June 2001), *SR 509/South Access Road EIS: South Airport Link* (October 2001), and *SR 509/South Access Road EIS: I-5 Improvements Report* (CH2M HILL October 2001). These reports are included in this FEIS by reference. The project area primarily includes portions of three jurisdictions: SeaTac, Des Moines, and Kent. Information on overall economic activity in the project area was gathered from the Southwest King County Chamber of Commerce, the Greater Des Moines Chamber of Commerce, and PSRC.

Information on displaced businesses and property impacted by right-of-way acquisition was obtained from the *SR 509/South Access Road EIS Discipline Report: Land Use* (CH2M HILL October 2000) and *SR 509/South Access Road EIS Discipline Report: Relocation* (CH2M HILL August 2000). Information on the existing commercial real estate market was obtained from telephone interviews with two local commercial real estate brokers.

Data on population and employment in the project area was obtained from the *SR 509/South Access Road EIS Discipline Report: Transportation* (CH2M HILL January 2002). Information on taxable retail sales and sales tax rates was obtained from the Washington State Department of Revenue. Information on total assessed value, by jurisdiction, and parcel-specific assessed values and property tax levy rates were obtained from the King County Department of Assessments. Information on annual revenues for affected cities was obtained from annual budget reports from the Cities of SeaTac, Des Moines, and Kent.

3.11.2 Affected Environment

Overall Economic Activity

The project area supports a wide variety of economic activities, ranging from Sea-Tac Airport, with its major airline and air freight operations and surrounding hotel, motel, and rental car facilities, to the locally oriented shopping, restaurant, and service businesses located along and extending several blocks east and west of SR 99.

Table 3.11-1 presents the population and number of households in the project area. In 2000, the City of Kent had a population of approximately 79,524, and the Cities of Des Moines and SeaTac had populations of 29,267 and

25,496, respectively. The total number of households within the three cities is approximately 52,158.

Table 3.11-1
Population and Households in Project Area

Jurisdiction	Population	Households
Des Moines	29,267	11,337
SeaTac	25,496	9,708
Kent	79,524	31,113
Total	**134,287**	**52,158**

Source: 2000 U.S. Census

Table 3.11-2 shows the employment levels in the overall project area in 1990, as well as future employment levels with and without the proposed project. The largest center of employment is Kent, which accounted for 33,855 jobs in 1990. However, the City of SeaTac is the only jurisdiction in the project area that is expected to experience greater employment growth by 2020 with construction of the proposed project. According to projections used in the travel demand modeling, the proposed project would increase job growth at a greater rate than the No Action Alternative. Employment levels with the proposed project are expected to grow at an annual rate of 2.4 percent from 1990 levels to 2020. By comparison, employment levels are estimated to grow at an annual rate of 1.8 percent under the No Action Alternative for the same time period.

Table 3.11-2
Future Employment in Project Area

Area*	Employment Levels			Average Annual Growth Rate Between 1990 and 2000	
	1990-91	2020 with Project	2020 Alternative A (No Action)	With Project (%)	Alternative A (No Action) (%)
SeaTac	19,725	59,201	41,626	3.7	2.5
Des Moines	3,278	10,854	10,854	4.1	4.1
Kent Valley	33,855	44,209	44,209	0.9	0.9
Total	**56,858**	**114,264**	**96,689**	**2.4**	**1.8**

Source: SR 509/South Access Road Corridor EIS Phase II, Travel Demand Forecasting Procedures and Assumptions (CH2M HILL October 1993).

** Areas based on aggregation of Puget Sound Regional Council (PSRC) Transportation Analysis Zones and do not match municipal boundaries.*

The primary retail businesses in the project area are located in Des Moines, Kent, and Tukwila. Industrial development in the project area is limited to scattered light-industrial and small-scale manufacturing enterprises located along major arterials, such as Des Moines Memorial Drive, South 200th Street, and South 188th Street.

Several large commercial/industrial and transportation-related projects are currently proposed within the project area, including:

- An Aviation Business Center consisting of civic, hotel, conference, and aviation base facilities on a 200-acre site between SR 99 and the proposed South Access Road.

- A Port of Seattle-sponsored airline maintenance facility (SASA) on a 100-acre site south of South 192nd Street and north of South 200th Street.

- A multimodal Light Rail Transit station (South King County Terminus) just north of South 200th Street in the 28th Avenue South corridor. An associated parking lot for 500 to 900 cars is also planned. Construction is currently anticipated for 2004 to 2006.

- A 15-acre sports park identified by the City of Des Moines as a Priority One project. Priority One projects are considered to be of pressing importance or are one-time opportunities that meet an identified need of the community.

- The 28th/24th Avenue South arterial project, which would modify the alignments of 28th/24th Avenue South to accommodate local access traffic generated as a result of the anticipated development of the Cities of SeaTac and Des Moines. The design has generally anticipated the potential development of the Aviation Business Center noted above. (Portions of this proposed project are currently under construction or recently completed.)

- A third runway on the west side of the Sea-Tac Airport. The final EIS was completed in February 1996.

- A 99-room hotel at the northwest corner of South 200th and 28th Avenue South. A SEPA review is being conducted by the City of SeaTac.

Residential and commercial/industrial growth within the project area is expected to continue. For example, the King County Growth Management Planning Council (GMPC) has designated the Cities of SeaTac and Kent as 2 of the 14 “urban centers” targeted to absorb much of the residential and employment growth within King County over the next 20 years (King County 1994).

City Revenue Sources

As shown in Table 3.11-3, the Cities of SeaTac, Des Moines, and Kent receive the majority of their revenues from property and retail sales and use taxes.

Table 3.11-3
1999 Tax Revenues by Type

Type of Tax	City of SeaTac	City of Des Moines	City of Kent
Property	$7,589,148	$2,127,201	$16,981,356
Retail Sales and Use	$7,415,194	$1,382,330	$14,172,845
Parking	$4,230,468	NA	NA
Utility Business	NA	$1,478,559	$6,645,603
Gambling	$232,901	$23,037	$422,956
Other	$1,926,771	$1,041,512	$21,191
Total	**$21,394,482**	**$6,052,639**	**$38,243,951**

Source: City of Des Moines Finance Department, City of Kent Finance Department, City of SeaTac Finance Department.

NA = not applicable

3.11.3 Environmental Impacts

Alternative A (No Action)

Under the No Action Alternative, no businesses or residences would be displaced by right-of-way acquisition for the proposed project, and there would be no resulting job losses or decreases in property or sales tax revenue. Traffic congestion on I-5, other north/south arterials, and some east/west arterials would likely continue to worsen under the No Action Alternative, despite numerous roadway improvements. This would further impair the movement of goods and people within the Cities of SeaTac and Des Moines and to Sea-Tac Airport and the seaport. Increased congestion would also dampen the potential economic growth in the communities in the project area. Population and employment are expected to grow more slowly in the City of SeaTac under the No Action Alternative.

Impacts Common to All Build Alternatives

During operation of the proposed project, the movement of goods and people from I-5 to Sea-Tac Airport and other locations along the SR 509 corridor would be improved under all of the build alternatives. Commercial vehicles and individual passengers traveling to and from Sea-Tac Airport would experience travel time savings due to the improved roadway. The movement

of commercial freight would be enhanced along the SR 509 and I-5 corridors. According to the *Freight Mobility Study: SR 509/South Access Road Project* (CH2M HILL December 1998), completion of the proposed project would result in improved reliability of goods movement, decreased travel times for several routes along the Seattle to Tacoma corridor, and improved access to a large amount of industrially zoned land near Sea-Tac Airport. The proposed project would likely encourage development of vacant land or redevelopment of existing properties.

The City of SeaTac is expected to receive greater employment growth with construction of the proposed project. As shown in Table 3.11-2, approximately 59,200 jobs are projected to be located within the City of SeaTac by 2020 under the build alternatives versus a projection of 41,600 jobs under the No Action Alternative. The difference in employment levels can be attributed to the City of SeaTac's policies to control development in its proposed activity center until access to the area is improved (see CH2M HILL January 2002, Appendix B, Travel Forecasting Methodology).

The level of congestion on north/south arterial corridors within the project area, including SR 99 (International Boulevard) and Des Moines Memorial Drive, would decrease as trips currently made on surface streets divert onto SR 509 and the South Access Road. Overall mobility along these arterials would be improved, resulting in better access to businesses. Traffic volumes on east-west streets might increase or decrease, depending on the location of new interchanges proposed under the build alternatives. It is expected that traffic flow along South 188th Street would improve with the completion of the proposed project. Overall, access, mobility, and operating conditions would improve with construction of the proposed project.

Business Displacement

Right-of-way acquisition for the three build alternatives would displace between 15 and 31 businesses. Alternative B is expected to displace between 24 and 28 businesses, 16 of which are located in the Homestead Park neighborhood in the City of SeaTac. Alternative C2 would displace between 27 and 31 businesses, with 14 businesses also located in Homestead Park. Alternative C3 would displace between 15 and 19 businesses, including 6 businesses in the Homestead Park area. All of the build alternatives would displace 2 businesses in the Midway neighborhood in Kent.. Depending on the design option selected, the construction of the South Airport Link would be expected to displace between 0 and 4 businesses in the SeaTac city center. The I-5 improvements would displace 2 businesses.

Businesses in the project area are generally engaged in airport operations, tourism, retail, restaurant, and services that cater to neighborhood residents and the surrounding communities, as well as Sea-Tac Airport. Business displacements might reduce the sales tax revenue collected by the affected

jurisdictions, depending on where, when, or whether the impacted businesses relocate. Similarly, the employment represented by those displaced businesses would also be affected.

While recognizing that supply-demand relationships change frequently, two commercial real estate brokers familiar with the real estate market in the SeaTac and Des Moines area indicated that the supply of available retail and office space within the project area is limited (Stoll pers. comm. 1999; Corr pers. comm. 1999). They suggested that businesses in the cities of SeaTac and Des Moines that would be displaced under any of the build alternatives might find it difficult to relocate within the project area. According to one broker, the low supply is partly because there is little demand in the area for commercial strip locations. The most desirable locations for commercial retail space appear to be shopping centers, such as the Midway Crossing shopping center at the junction of SR 99 and SR 516 (Corr pers. comm. 1999).

Overall, the market in the Cities of SeaTac and Des Moines is tight for the types of commercial space occupied by the businesses that would potentially be displaced. SeaTac and Des Moines could experience the most business displacements under all the build alternatives, losing between 10 and 22 businesses within the project area. This suggests that businesses displaced within the Cities of SeaTac and Des Moines might find it difficult to relocate within the project area.

Sales and Property Tax Revenue

Impacts on sales tax revenues are difficult to predict and would depend on where businesses affected by the proposed project relocate. Relocating outside of the project area jurisdiction would result in decreased sales tax revenues for that jurisdiction.

Approximately 95 to 180 acres of additional right-of-way would be required to accommodate the various build alternatives. All of the build alternatives would use some portion of the existing state-owned and tax-exempt right-of-way located between South 188th Street and SR 516. The remaining right-of-way would be acquired from taxable property within the jurisdictions affected by the proposed project. The taxable property acquired would be removed from the cities' tax rolls, adversely impacting property tax revenues.

For the purpose of determining potential initial property tax impacts, taxable property within the proposed right-of-way of each build alternative was assigned to one of the six following land use categories: commercial, industrial, public/government use, residential-high density, residential-low density, and religious institutions. A database containing all the properties affected by the build alternatives was prepared using maps and tax information for affected parcels from the King County Department of Assessments

(King County 2000). This information was used to assign developed properties to one of these categories based on existing land use. Vacant land was assigned to a land use category based on the zoning for the property as indicated in the database.

The figures were calculated for each build alternative by grouping taxable properties to show the initial property tax impact for each jurisdiction by build alternative. The total property tax impact includes the initial property tax impact for full displacements and for partial encroachments. The tax impact for the partial encroachments was calculated by multiplying the estimated 2000 property tax collected for the parcel by an estimate of the percentage of the parcel taken for the proposed project.

For all build alternatives, the initial property tax impact is not expected to be substantial. The fiscal impacts associated with the initial loss of property tax revenues represents less than 1 percent of each jurisdiction's total tax revenues. The impacts on sales tax revenues are also not likely to be substantial.

The initial tax impacts associated with displacements would likely be offset eventually by tax revenues associated with increased development of vacant land and redevelopment of existing buildings throughout the project area. There is a large amount of vacant industrial land near the Sea-Tac Airport that would be more accessible with construction of the proposed project, which could lead to new development. Some commercial development such as office buildings, retail complexes, restaurants, and hotels would also likely occur on land adjacent to new or improved interchanges. This would definitely be the case if the employment projections for the City of SeaTac prove to be accurate.

3.11.4 Mitigation Measures

There are no economic impacts associated with any of the build alternatives that would require mitigation.

3.11.5 Construction Activity Impacts and Mitigation

Construction Activity Impacts

The estimated cost of constructing the SR 509: Corridor Completion/I-5/ South Access Road project for each alternative is presented in Table 3.11-4.

Table 3.11-4 Estimated Project Costs for the Build Alternatives	
Alternative	**1999 Dollars**
Alternative B	$715-$735 million
Alternative C2 (Preferred)	$690-$710 million
Alternative C3	$695-$715 million

Source: CH2M HILL estimates.

These costs do not include the South Airport Link, the last 1,000 feet connecting the South Access Road to airport roadways.

These estimates are based on preliminary design information and may be revised during the final design and construction phase of the project.

Depending on the alternative selected, construction of the build alternative would result in a $690 to $735 million project and the associated positive impacts on employment and overall economic activity in the project area. As shown in Table 3.11-5, it is estimated that 4,534 to 4,698 person-years of employment would be needed for the build alternatives, which translates into an average of 648 to 671 construction jobs over the 7-year construction period.

Table 3.11-5 Estimated Employment Impacts by Alternative		
Alternative	**Person-years of Employment**	**Average Annual Construction Jobs**
Alternative B	4,698	671
Alternative C2 (Preferred)	4,534	648
Alternative C3	4,567	652

Source: CH2M HILL estimates.

Project construction would also result in so-called multiplier effects. Indirect impacts would occur as construction firms purchase materials from local suppliers who in turn, employ workers and purchase materials. Induced impacts would occur when wages paid to workers in construction trades or supporting industries are spent on locally produced goods and services.

The magnitude of the indirect and induced impacts within the project area would depend on many factors, including:

- Where construction workers live and spend their income
- Where equipment and material needed for construction would be purchased

- The extent to which the proposed project is funded by out-of-region sources

When local funds are used, residents and businesses have that much less income to spend on other goods and services in the regional economy, thus representing a shift in the local economy's product mix rather than net new economic activity. At the state level, project construction would result in economic benefits to the extent that federal funding is received.

Impacts on businesses during construction might include temporarily increased congestion, noise, dust, and possibly interrupted or more difficult access. Temporary reduction in retail sales might result as customers avoid shopping in the construction area. Any temporary loss in sales tax revenue resulting from impacts on businesses during construction would be partially offset by sales tax revenues generated by construction spending in the region.

Mitigation Measures

Measures to mitigate identified economic impacts resulting from construction could include the following:

- Installing temporary signage to inform drivers that access to businesses during construction is unchanged, temporarily changed, or restricted.

- Requiring contractors to submit and receive approval of a construction plan to maintain reasonable access for all properties and businesses adjacent to construction activity.

- Coordinating with affected business owners to develop and implement strategies to maintain access to businesses during construction.

- Informing businesses or tenants displaced by new right-of-way acquisition or other construction activities that they would be entitled to relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 and RCW 8.26.

- Minimizing construction period.

- Minimizing the number of major traffic detours.

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